

Socialization Law No. 21 of 2014 on Geothermal

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DGNREEC – DGNREEC has held socialization of Law No.21 of 2014, and it was held at Denpasar, Bali, on November 3rd, 2014.

The Purpose of “Socialization Law No.21 of 2014 on Geothermal” is to get same perception/understanding about the substance of the law, and also to get feedback/input for the preparation of government regulation as a follow-up to the mandate of this Law.

The event was attended by the Department of Energy and Mineral Resources as representative of Local Government, relevant agencies, and the Association of Indonesian Geothermal and Geothermal Developers.

The socialization began with a speech by Head of Energy and Mines, Department of Public Works, Bali Province, I Putu Agus Budiana. He explained about the importance of the availability of energy along with economic growth and population growth. In addition, he also explained that the Government of Bali will always support the implementation of Government Programs to ensuring the availability of energy, for example by acceleration of geothermal development.

The socialization continued with speech by Director of Geothermal, Tisnaldi, as the opening of the socialization. In his speech, Director of Geothermal said that the ratification of Law No. 21 of 2014 on Geothermal to replace of Law No.27 Year 2003 on Geothermal is a major breakthrough by the Government for the geothermal business world. "The Act/Law is created

in order to provide a stronger legal basis, more comprehensive, transparent and non-discriminatory in geothermal business," he said.

At that time, in the Socialization also explained about the compilation background and the law process brief chronologic. Briefly, herewith the backgrounds of this law compilation, 1) Indonesia has big geothermal potential, which are scattered along the path of active volcanoes location (Ring of Fire) from Sumatra, Java, Bali, Nusa Tenggara, Sulawesi north, and the Moluccas. 2) Geothermal is a renewable energy source, if it got developed as electrical energy, not only as an environmentally friendly energy source, but it is also used in a sustainable manner. 3) Geothermal development in Indonesia is not optimum yet after the enactment of Law No.27 of 2003. This is indicated by after the enactment of this law, there is no geothermal developer/IUP holder (a.k.a Mining Business Permit holder) started to production. 4) The potential of geothermal energy are found in preserved forests and conservation forest. 5) In Law No.27 of 2003 stated that geothermal is a mining activity, and the effect was the geothermal potential in the area of forest conservation cannot be used optimally. and 6) Article 38 of Law No.41 of 1999 stated that the use of forest land for development outside of forestry activities can only be done in the area of production forest and preserved forest area and it is delimit the development of geothermal energy projects.

Due to the brief chronologic of Law No.21 of 2014, starting with: 1) Submission of the Draft Law on Geothermal by the President to the Chairman House of Representatives (Parliament) by Presidential Decree letter No.R-38 / PRES / 08/2013 on August 13th, 2013. 2) Discussion of the Draft Law on Geothermal between House of Representatives Working Committee of the Draft Law on Geothermal with the Government which started on May to July 2014. 3) Approval of the Draft Law on Geothermal into Law on Geothermal on August 26, 2014 at the plenary session of the House of Representatives. And 4) The signing of the law by President Susilo Bambang Yudhoyono on September 17, 2014.

The socialization continued with substances explanation of Law No.21 of 2014 which delivered by echelon three of the Directorate General EBTKE and Sanusi Satar as the moderator of Indonesian Geothermal Association (API).

Herewith some concepts and main point arrangements which contained in this law, with detail as below:

1. That the geothermal is not in categorized of mining activities.
2. Philosophical basis of geothermal business activities as part of the utilization of natural resources is based on Article 33 clause (2) and clause (3) in the Constitution of the State of Republic Indonesia 1945. Geothermal as a natural resource which is contained in the law Indonesia is the national wealth controlled by the State and used for the welfare of the Indonesian People. Therefore, in this Act/Law stated that geothermal is a national wealth and the implementation is controlled by the State Government and Local Government.
3. The authority arrangement of geothermal activities implementation by the government, Province or District government
4. The Government authority to conduct exploration, exploitation, and utilization, which is can be implemented by the State Owned Enterprises or the Public Service Board.
5. More details arrangement of the utilization of geothermal energy for direct or indirect utilization

6. Changes of Guidance and supervision of the Mining Permit Geothermal authority, the originally is conducted by the Local Government, and it changes to the authority of the Government
7. The arrangement of bonus geothermal production (production bonus) which is based on certain percentage of the gross revenue from the first unit production
8. Clear Arrangement of transitional provisions for the management of geothermal working areas that had been existed before the enactment of this law.

As a follow up, Law No.21 of 2014 mandated the establishment of several government regulations, which can be broadly classified into three (3) Government Regulations, as below:

-Draft of Government Regulation on Geothermal Production Bonus

-Draft Government Regulation on Indirect Utilization of Geothermal Production

-Draft Government Regulation on Direct Utilization of Geothermal Production.

After the explained the outline, the socialization continued with a discussion between the speakers and attendances of socialization related to the substance of the law. (herlambang)